Workstream:

Budget

**Functional Areas for
Non Project Costs**

9910- Human Resources Training
9920 - Safety Training
9930 - Leadership Training
9940 - Technical Training
9900 - Administrative Functions

TMT Budget Initiative 2008

Functional Areas for
Non Project Costs

9910 - Human Resources Training
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TMT Budget Initiative 2008

NCDOT's Overhead Rate
How do we accurately capture and report?

Funded WBS Overhead Structure

Problems

- Employees are confused about how to charge their non-project cost, i.e.. Time, Supplies, etc.
- Currently, managers have no ability to manage overhead due to lack of information.
- Comparison to other business models currently is not possible.
- New procedure will capture the non-project costs to enable a reportable Overhead Rate.
- Internal Orders are difficult to maintain and report on.

Solution – New WBS Structure

- Funded Project Structure to collect expenditures related to non-project related functions.

- WBS elements set up for Divisions, Preconstruction, Public Transportation, etc.

- Training, Non-Project based employees, and Non-Project related charges for others will be collected here. Five new Functional Areas will be defined to identify expenditures.

Funding

- Funding will be supplied by the Divisions that will be charging at the first of the year.

- A process for Units that currently do not fund projects must be developed in conjunction with Program Development, i.e. Preconstruction Branches/Units.

- FHWA has agreed to participate in a portion of these overhead costs.

Existing Maintenance vs. Overhead Structure

Left panel:

- Division 6 Standing Maintenance
  - ▽ Division 6 Standing Maintenance
    - ▽ Division 6 Primary Maint
      - ▽ Bladen Co Primary
        - ▽ Bladen Pri Paved
          - Bladen Pri Paved - Maint
          - Bladen Pri Paved - Traf Serv
          - Bladen Pri Paved - Rdside Env
          - Bladen Pri Paved - Bituminous
          - Bladen Pri Paved - Mowing Contr
          - Bladen Pri Paved - Damage Claims
          - Bladen Pri Paved - Maint Resurf
          - Bladen Pri Paved - RestArea Contr
          - ▽ Bladen Pri Paved - Resurf Contracts
            - US 701 Microsurface Project 2007
      - ▷ Columbus Co Primary
      - ▷ Cumberland Co Primary
      - ▷ Harnett Co Primary
      - ▷ Robeson Co Primary
    - ▽ Division 6 Secondary Maint
      - ▽ Bladen Co Secondary
        - ▽ Bladen Sec Paved
          - Bladen Sec Paved - Maint
          - Bladen Sec Paved - Traf Serv
          - Bladen Sec Paved - Rdside Env
          - Bla
          - Bla
          - Bla
          - Bla
          - Bla
          - Bla
        - ▷ Bladen
      - ▷ Columbus
      - ▷ Cumberla
      - ▷ Harnett Co Secondary
      - ▷ Robeson Co Secondary
    - ▷ Division 6 Urban Maint

Overlay box:

- Familiar Reporting Structure
- Multi-level Reporting Structure
- Flexible Reporting Structure
- Simple Process

Right panel:

- Field Training and Non-Project Expend
  - ▽ DIVISION X
    - ▽ DIVISION X DIST 1
      - ▽ DIV X DIST 1 150XXX
        - DIV X DIST 1 150XX1
    - ▽ DIVISION X DIST 2
      - DIV X DIST 2 150XX2
      - DIV X DIST 2 150XX3
    - DIVISION X BITUMINOUS
    - DIVISION X INCIDENT MGT
  - ▽ PRECONSTRUCTION
    - ▽ HIGHWAY DESIGN
      - ▽ ROADWAY DESIGN
        - ROADWAY DESIGN 150541
        - ROADWAY DESIGN 150542
      - ▽ HYDRAULICS
        - HYDRAULICS 150640
        - HYDRAULICS 150641
  - ▽ PUBLIC TRANSPORTATION
    - PTD 150XXX
    - PTD 150XX1
  - ▽ RAIL DIVISION
    - RAIL 150XXX
    - RAIL 150XX1
  - ▽ FERRY DIVISION
    - FERRY 150531
    - FERRY 150532
  - GHSP
    - GHSP 150XXX
    - GHSP 150XX1

Reporting

- Reporting is simplified on one project structure allowing easy division or statewide reporting.
- Commonly used reports are available to view the new structure.
- WBS Overhead Structure will allow the categories to be tracked and managed based on Functional Areas.

New Functional Areas

- Five (5) New FA's to capture for reporting:
  - Training
    - Human Resources Training (ADA, Ethics, etc.)
    - Safety Training (First Aid, Hearing Test, etc.)
    - Leadership Training (LMDA)
    - Technical Training (SBP, Career Banding, etc.)
  - Administrative Function (Email, HR Packages, etc.)

WBS Overhead Structure

Pros:

- Easy standard reporting.
- Use of functional areas that can be defined readily.
- Activity rates that show a more accurate cost of a position.
- No settlement rules and costs are fully funded.
- Lower variance to other projects.
- FHWA will participate via direct funding.
- Will be visible.

Cons:

- Requires funding identification and overdraft coverage.
- Will be visible.

Education - Preliminary

- How do we educate end users of new process?
  - Use all current communication avenues available.
  - Incorporate new process in training material for Time Entry personnel with BSIP.
  - Distribute items to remind people of what and when to charge to Non Project WBS. (Mouse Pads, Magnets, etc.).
  - Individual Division/Unit training for Management to ensure complete understanding of goal.

What's Next?

Step 1 - Approval to implement

Step 2 - Develop Preconstruction funding process

Step 3 - Create Structure (Complete by July 1, 2008)

Step 4 - Develop Education Plan

Step 5 - Training/Communication

Step 6 - Develop Methodology to determine Departmental Overhead

Step 7 - Present to Leadership Team for approval

WBS DOT
(Non-Project Cost Charges)

How to use?

- The DOT WBS can be used on timesheets invoices, or any other data sources as other WBS's are currently.

- When no project WBS can be charged, the time, material and equipment will be charged to the DOT WBS for your unit.

- There are only 5 Functional Areas that can be used.

Reporting/Funding

- All charges to DOT WBS will be available from the same reports you currently use to track expenditures. (Example ZPSR17, ZPSR01)

- Funding will be completed at the top level of the DOT WBS. Each unit will then be planned out as each desire.

- Overdrafts covered before July 1 each year.

Questions?

- WBS information please contact ###########

- Problems/policy issues please contact #########

NCDOT's Non Project Costs
How do we accurately capture and report?

All Field Units

Funded WBS Non Project Structure
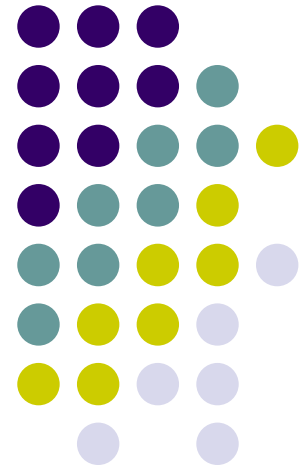
Problems

- Employees are confused about how to charge their non-project cost, i.e.. Time, Supplies, etc.
- Currently, managers have no ability to manage non-project costs due to lack of information.
- No way to compare to other private industry business models.
- New procedure will capture the non-project costs to enable a reportable rate.

- Internal Orders are difficult to maintain and report on.

Solution – New WBS Structure

- Funded Project Structure to collect expenditures related to non-project related functions.
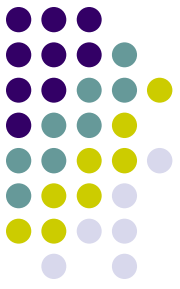
- WBS elements set up for Divisions, Preconstruction, Public Transportation, etc. to collect costs for Field Personnel.

- Training, Non-Project based employees, and Non-Project related charges for others will be collected here. Five new Functional Areas have been defined to identify expenditures.
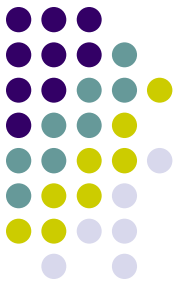
Funding

- Funding will be supplied by the Divisions/Unit.

- A process for Units that currently do not fund projects is has been developed in conjunction with Program Development, i.e. Preconstruction Branches/Units.

- FHWA has agreed to participate in a portion of these non-project costs.

Existing Maintenance vs. Non Project Structure

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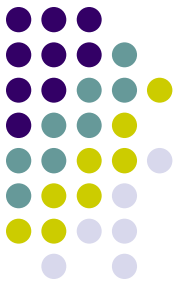   - Bladen Pri Paved - RestArea Contr
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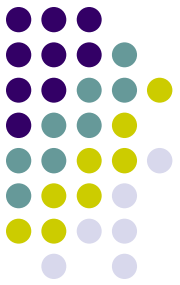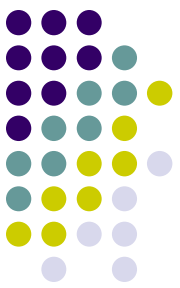
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    - 9930 - Leadership Training (LMDA)
    - 9940 - Technical Training (SBP, Career Banding, etc.)
  - Administrative Function
    - 9990 – Administrative (Cost Center Expenditures, Email, HR Packages, etc.)

  jeb1

  *Structure will only allow charges from one of these 5 Functions.
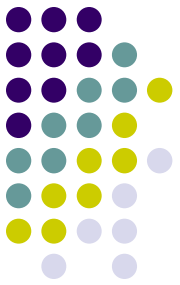
WBS Non Project Structure

Pros:

- Easy standard reporting.
- Use of functional areas that can be defined readily.
- Activity rates that show a more accurate cost of a position.
- No settlement rules and costs are fully funded.
- Lower variance to other projects.
- FHWA will participate via direct funding.
- Will be visible.

Cons:

- Requires funding identification and overdraft coverage.
- Will be visible.

Availability

- Structure is ready now for charges.

- Reporting will not have any historical data, only current detail cost analysis will be available.

- After approximately 1-2 years the data will allow reporting on cost of non project business activities.
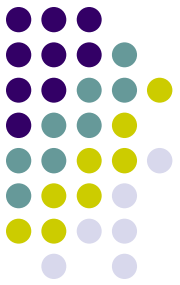
Admin or 2000 Series

- Currently the Admin Staff is a non-projected related cost. There are modifications and reports being built to show percent of training time.

Topics for Supplement to Secretary's Letter

- For use in 3000 series employees only

- Charge ALL non project time with only approved 5 FA's

9910 - Human Resources Training (ADA, Ethics, etc.)

9920 - Safety Training (First Aid, Hearing Test, etc.)

9930 - Leadership Training (LMDA)

9940 - Technical Training (SBP, Career Banding, etc.)

9990 – Administrative (Cost Center Expenditures, Email, HR Packages, etc.)

- Training for particular project should be charged to that project

- Reporting on WBS will be same as how you currently report for WBS.

- Funding will be made at the top level and planned from there down.

- Overdrafts will be covered by Fiscal unless unit gives indication on sources.

- Structure is DOT and will be open for charges at the present time.